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ABSTRACT

This report provides interim findings from a study of families leaving welfare in Cuyahoga County, Ohio. The study is designed to monitor the status of families leaving cash assistance at multiple times and to compare the experiences of exit cohorts drawn at quarterly intervals throughout the process of welfare reform implementation. The report also describes differences in exiting families' experiences before and after time limits go into effect. This report covers exit cohorts from quarter 4, 1998 and quarter 1, 1999. A total of 8,265 assistance groups left cash assistance during this time period (8,768 adults and 16,213 children). Interviews were conducted with members of 198 assistance groups in these quarters. More than half of respondents said they left cash assistance on their own, and the main reason was usually connected to income, earnings, or family changes. It is estimated that 55% of families leaving cash assistance had incomes below the poverty level by the sixth month, and 14% of these lived below 50% of poverty. The level of work among survey respondents was high, with about 87% having held at least one job during the 6-month period. Most of the employed were not offered health benefits through their jobs, and most had experienced at least one hardship by the sixth month. Findings indicate the high levels of low-income employment among those who have left welfare cash assistance. Contains 23 figures.(SLD)

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How Are They Managing?
A Six Month Retrospective of Cuyahoga County Families Leaving Welfare

Fourth Quarter of 1998 and First Quarter of 1999

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This research is a component of the Federation for Community Planning's Community Asset and Capacity Development Project. Financial support comes from the Ohio Department of Human Services, Cuyahoga County Board of County Commissioners, and The Joyce Foundation.

This study would not be possible without the hard work of the interviewers: Sharon Lettofsky, Rasheda McMullin, Samieka Mitchell, Daniel Palmer, and Desiree Washington. Special thanks to Art Bumpas, Carol Ferguson, Nick Lascu, Generosa Molina, and Annette Shaughnessy for their contributions to the project as well.

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Introduction

This report provides interim findings from the study of families leaving welfare in Cuyahoga County. The purpose of the study is to provide ongoing information to public officials, human service professionals, advocates and members of the community about how families are faring as welfare reform is being implemented. Specifically, the study is designed to: monitor the status of families leaving cash assistance at multiple time points after exit; compare the experiences of exit cohorts drawn at quarterly intervals throughout the gradual process of welfare reform implementation; and, describe differences in exiting families' experiences before and after time limits go into effect. The report will be updated quarterly and more detailed policy analyses based on the study will be forthcoming.

How the research is being conducted

The study of families leaving cash assistance in Cuyahoga County uses a longitudinal, cohort comparison design (See Figure 1). Each quarter, beginning in quarter 4, 1998, all families that left cash assistance for at least two months are identified from agency records. This identification of quarterly exit cohorts continues through quarter 1, 2001. Time limits go into effect in October 2000 so the study contains both pre and post-time limit exit cohorts. Each cohort also is studied longitudinally. Random samples of the exiters in each cohort are interviewed at 6 months and 13 months after their cash exit (See Figure 2 for a definition of an exiter). Administrative records containing information on monthly welfare benefits and quarterly employment and earnings are compiled for all of the exiters for the year prior to and following the exit.

Figure 1 Time of Exit Tracking Study: Sample Enrollment and Interviews

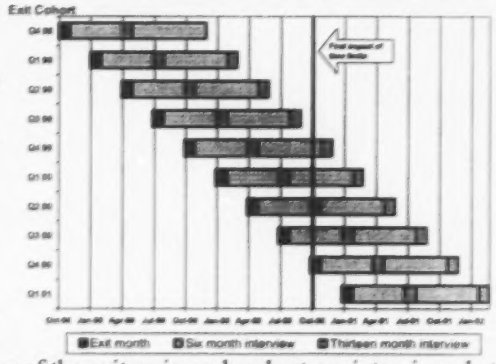

Figure 2: Definition of exiter

- OWF assistance group (AG) open for at least 1 month, closed for 2 consecutive months.
- All members of AG must exit (not transfer to new AG in 2 month period).
- All exit AG's must have at least 1 adult over the age of 18.
- The exit month is the first month in which the AG DID NOT receive OWF cash assistance.

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Survey interviews cover many topics including the reasons families left cash assistance, their use of other benefits such as Medicaid and Food Stamps and community support services, their employment, income and housing, changes in family composition and experiences of hardships since leaving welfare. A survey response rate of at least 70% is achieved each quarter through the use of many methods of finding respondents and gaining their cooperation.

This report covers exit cohorts from quarter 4, 1998 and quarter 1, 1999. A total of 8,263 assistance groups left cash during this time period. There were 8,768 adults and 16,213 children in these groups. The basic demographics of the exit cohorts appear in Figure 3.

Figure 3

Characteristics of the OWF Exit Cohorts (Administrative Data)

	1998 Quarter 4	1999 Quarter 1
Assistance Groups (#)	**4646**	**3617**
1 adult (%)	93	95
<3 children (%)	91	90
received OWF for >4 quarters (%)	53	67
Adults (#)	**4969**	**3799**
Female (%)	90	92
African-American (%)	63	67
Hispanic (%)	6	6
Non-Hispanic White (%)	28	26
Over 35 years old (%)	35	34
High Diploma/GED (%)	60	61
Children (#)	**9022**	**7191**

From this universe, a random sample was drawn for a survey interview. The number of interviews completed with quarter 4, 1998 and quarter 1, 1999 assistance groups was 198 and the response rate was 70 percent (See Figure 4). Even though 30 percent of the sample were not interviewed, most had their home address confirmed by interviewers. Of the remaining 38 individuals who were not found by the interviewers, 10 of them had returned to OWF cash assistance according to administrative records. Thus, of the 281 families eligible for the survey, only 18 were completely unaccounted for. Further, there

Figure 4: Interview sample response rate

Full Random Sample: 294

- **Not Eligible: 13**
  - Did not speak English or Spanish: 2
  - Institutionalized: 2
  - Deceased: 1
  - Child-only case: 8
- **Eligible: 281 (100%)**
  - Interviewed: 198 (70%)
  - Not interviewed: 83 (30%)
    - ✓ *Confirmed home address, but not cooperative: 45 (16%)*
    - ✓ *Not located: 38 (14%)*

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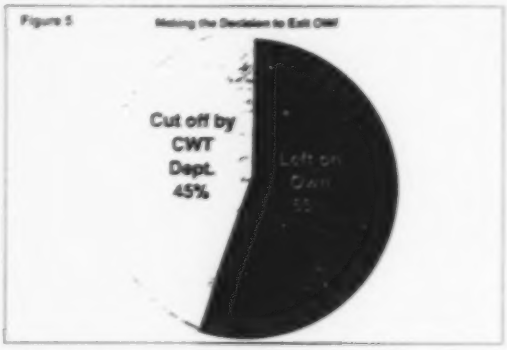
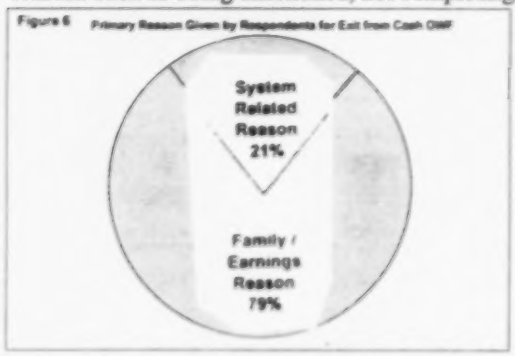
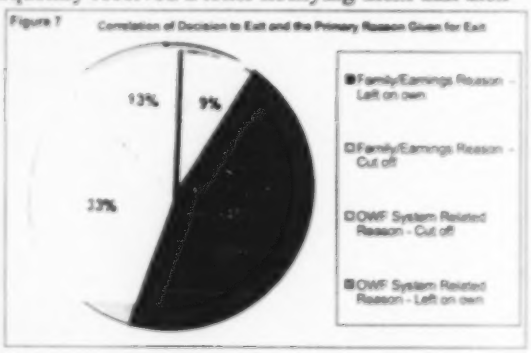
were no significant differences in the demographic characteristics of the respondents and non-respondents. The current sample size of 198 produces estimates that have a margin of error of approximately ± 6 percent. Subsequent reports will have larger interview samples and increased accuracy.

Leaving cash assistance

The first question asked of respondents was whether, in their own opinion, they left cash assistance on their own or were cut off by the department. More than half felt they left on their own (Figure 5). Regardless of how they left, they were then asked to explain the main reason for either leaving or being cut-off. The reasons were classified into those that had to do with family or income changes such as getting a new job, earning more money, having someone else in the family go to work or move in, having increased assets; or system reasons such as being sanctioned, not completing paper work, wanting to save time on the clock or wanting to avoid requirements or hassles. Over ¾ of the respondents said that their major reason for leaving had to do with income, earnings or family changes (See Figure 6). Income, family and earnings reasons predominated both among those who left voluntarily and those who were cut-off (See Figure 7). While this may seem puzzling, many of the individuals explained that they were working so they did not follow through with redetermination procedures and subsequently received a letter notifying them that their benefits were terminated. Since they were working, they did not reapply at that point. Thus, although they were cut off, in their minds employment was their main reason for leaving cash.







According to agency policy, leaving cash does not necessitate leaving the Food Stamp or Medicaid program. Most of the families in the sample who left

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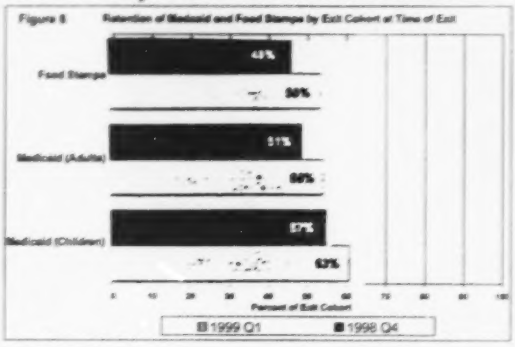
cash would have been eligible to continue Food Stamps and to receive Medicaid as a transitional benefit or under the Healthy Start program for children. The percent of families leaving cash who kept these other benefits appears in Figure 8. This percent maintaining benefits has increased over time. Many of the survey respondents who did not retain Medicaid and Food Stamps at the time they left cash said that they received a notice in the mail that they were cut off all of their benefits. Since they were working, they did not understand that they still might be eligible for the non-cash programs.



Households and income

Survey respondents reported on their household composition and their income at about the 6th month after leaving OWF. Household composition varied (See Figure 9), with slightly more than half living independently as single parent families. The rest lived in households with a spouse or partner or with other extended family members. Approximately 5 percent of respondents no longer had children in the home.

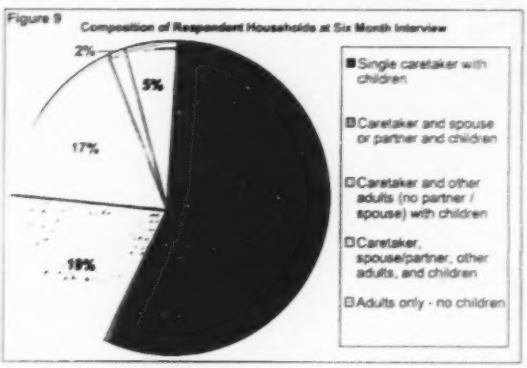
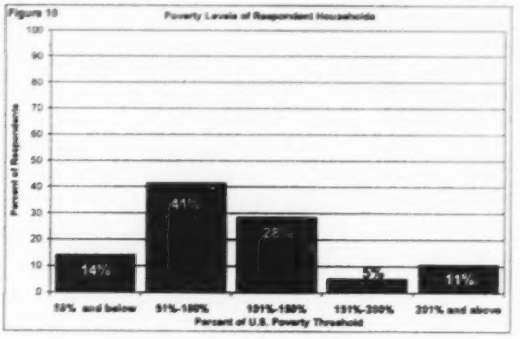


Figure 9
Composition of Respondent Households at Six Month Interview
2%
5%
17%
19%
Single caretaker with children
Caretaker and spouse or partner and children
Caretaker and other adults (no partner / spouse) with children
Caretaker, spouse/partner, other adults, and children
Adults only - no children

Based on total family income, including the dollar value of Food Stamps, each respondent's total income at the six month interview was compared to the U.S. poverty threshold for their family size. The poverty threshold for a family of three in 1998 was $13,133. It is estimated that 55 percent of families leaving cash assistance had incomes below the poverty threshold by the sixth month (See Figure 10). Approximately 28% lived between 101 and 150 percent of poverty, but 14 percent lived below 50 percent of poverty.



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In an effort to compare cash assistance leavers' incomes with the incomes of families on OWF, the income distribution of the caseload was simulated using previous research.[1] The comparison is represented in Figure 11, in which the cumulative distribution of exiters' reported incomes is represented by the blue line. The red line represents the cumulative distribution of the simulated OWF caseload. Most OWF recipients who do not work are estimated to have incomes equal to about 62 percent of the poverty threshold. OWF recipients who combine $520 of monthly earnings and welfare have incomes at 101% of the poverty level. It can be seen that 23 percent of the exiters' incomes were lower than the typical, non-working OWF family. Further, 58 percent of exiters' had incomes lower than families who combine work and welfare. The remaining 42 percent of exiters appear to have higher incomes 6 months after leaving cash than any families remaining on OWF

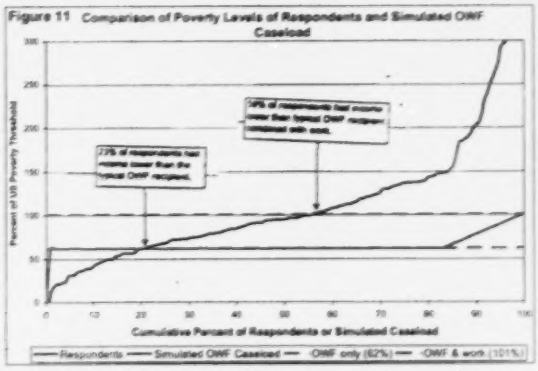
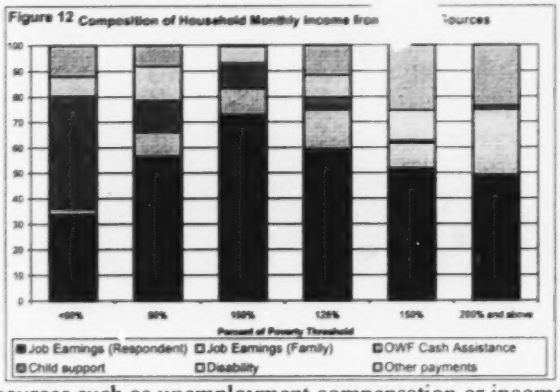


Figure 11 Comparison of Poverty Levels of Respondents and Simulated OWF Caseload
Percent of US Poverty Threshold
Cumulative Percent of Respondents or Simulated Caseload
Respondents
Simulated OWF Caseload
OWF only (62%)
OWF & work (101%)



The predominant source of income for families leaving cash was employment, either of the former welfare participants or other adults in the household (See Figure 12).

Families with higher incomes also tended to draw on other sources such as unemployment compensation or income tax refunds, which could include the earned income tax credit. Families whose incomes at the 6th month were below 50 percent of poverty frequently had returned to OWF, which thereafter provided a larger portion of their income than did work.

[1] The Urban Institute's web site (www.newfederalism.urban.org) provides income estimates for welfare recipients in each state based on whether they have the typical level of earnings of working welfare recipients or just depend on welfare. Using findings from a 1997 local caseload analysis (C. Coulton, et al., Moving from Welfare to Work: A profile of the Cuyahoga County Caseload, September, 1999) we estimated that 17 percent of the caseload had earnings close to the amount put forward in the Urban Institute figures. Thus, the simulated income distribution of the OWF caseload shows incomes as if 83% rely mainly on OWF and 17% have significant earned income. However, this simulation assumes that all income of active recipients is reported to the welfare agency. It does not take into account the fact that some families on cash welfare have unreported income. If unreported income could also be included, the income distribution for OWF recipients would be higher than what shown in this simulation. Exiters, by comparison, would look worse off.

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Employment

The level of work among survey respondents was very high. Approximately 87 percent had held at least one job during the six-month period. Continuous employment, defined as working at least 20 hours per week in all of the months, was the experience for 48 percent of respondents (See Figure 13). Even though work participation levels were very high, the hours worked or the earnings per hour for approximately half of the respondents were too low to put a family with one adult and two children above the poverty threshold defined as $13, 100 per year (See Figure 14). To reach that threshold, the family breadwinner needs to work either 40 hours a week making $6.57 per hour or work 51 hours per week earning the minimum wage of $5.15 per hour. Some individuals whose wages appear to be well below minimum wage are self-employed or working outside the mainstream economy. Although almost everyone held a job at some point, 32 percent were not working by the time of the interview. Their reasons for not working were mainly related to health problems of themselves or family members, difficulty locating childcare or to trouble finding a job (See Figure 15).

Figure 13 Employment: Exit Through Month Six

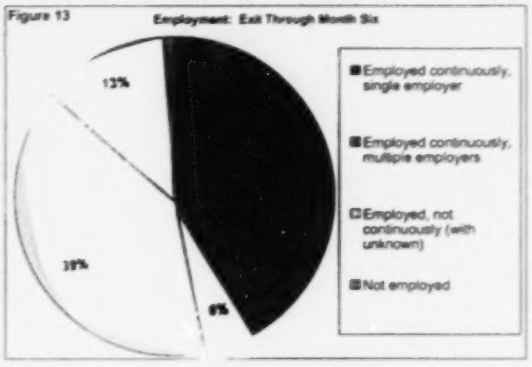


Figure 14 Hours Worked and Hourly Wages as Compared to US Poverty Threshold

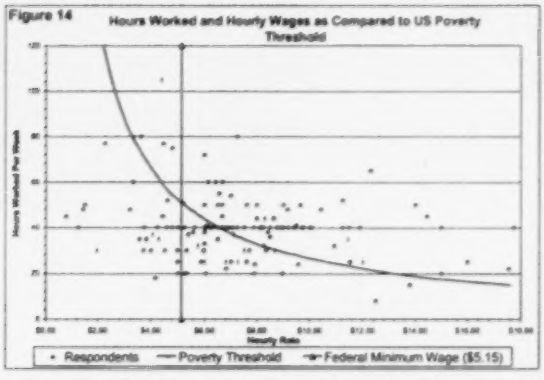
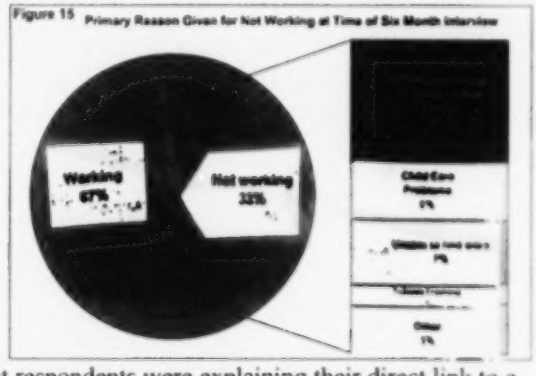


Figure 15 Primary Reason Given for Not Working at Time of Six Month Interview



Respondents were asked to describe the primary way they had found their current or most recent job. Eighty percent reported that their job was found through their own efforts such as a referral by a friend or relative or want ads or a sign (see Figure 16). Only 10 percent were actually placed on or told of their specific job by an employment or welfare agency. It should be noted that respondents were explaining their direct link to a

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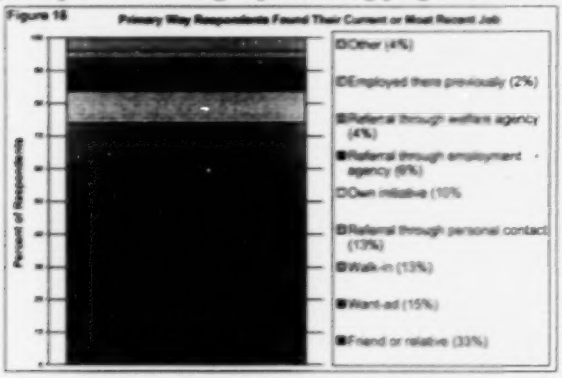
particular job opening. Their answers do not preclude the possibility that they previously participated in training or job seeking programs that were helpful to them in knowing how to seek a job.



Respondents were also asked about their primary mode of transportation to their current or most recent job (see Figure 17). Forty percent reported driving their own car. However, access to job opportunities throughout the Greater Cleveland area may be more limited for the remaining 60 percent of the respondents who must rely on other people and other types of transportation.

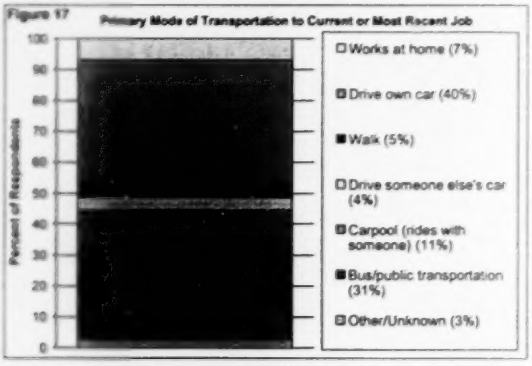


Figure 17
Primary Mode of Transportation to Current or Most Recent Job
Percent of Respondents
Works at home (7%)
Drive own car (40%)
Walk (5%)
Drive someone else's car (4%)
Carpool (rides with someone) (11%)
Bus/public transportation (31%)
Other/Unknown (3%)

Health Care Coverage

The majority of those who had been employed were not offered benefits by their current or most recent jobs (see Figure 18). Specifically, 58 percent of the jobs offered neither paid sick leave nor health insurance (for the adult respondent). Only 27 percent of the jobs offered both benefits. Only 36 percent of the jobs offered health insurance, again indicating the continued need for transitional Medicaid for those leaving cash OWF. It is also important to note that these benefits are reported to be offered by the employer - the respondent may not necessarily be taking advantage of the benefit due to its cost.

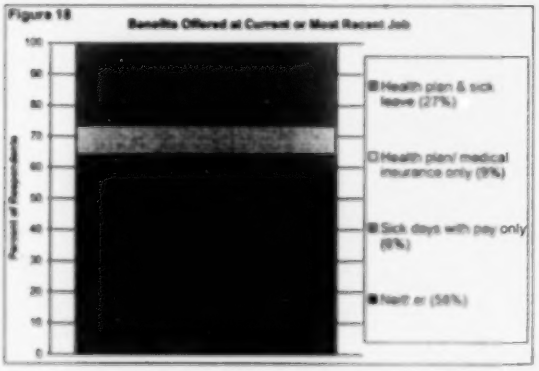


Figure 18
Benefits Offered at Current or Most Recent Job
Percent of Respondents
Health plan & sick leave (27%)
Health plan/ medical insurance only (9%)
Sick days with pay only (6%)
Neith er (58%)

Six months after exiting cash assistance, Medicaid continued to be the primary source of health insurance for both the respondents and their children, as 59 percent of the adult

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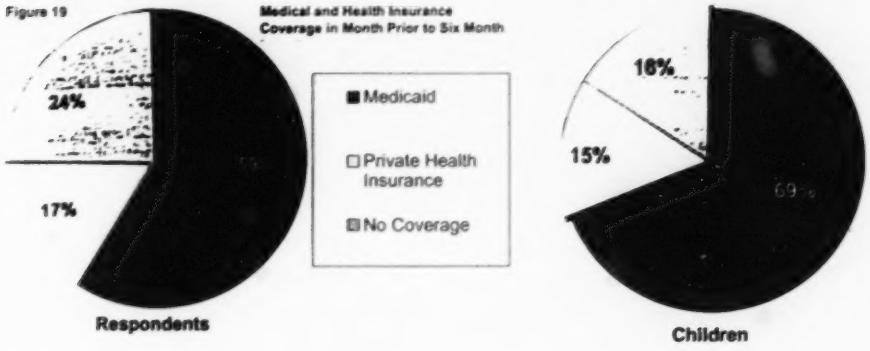
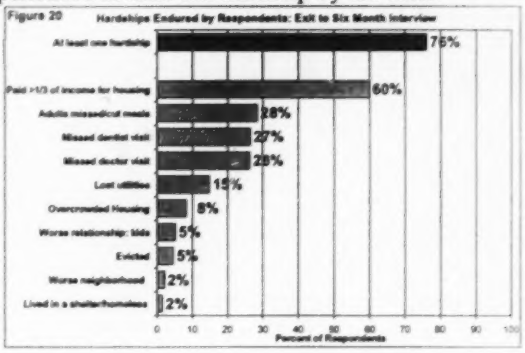
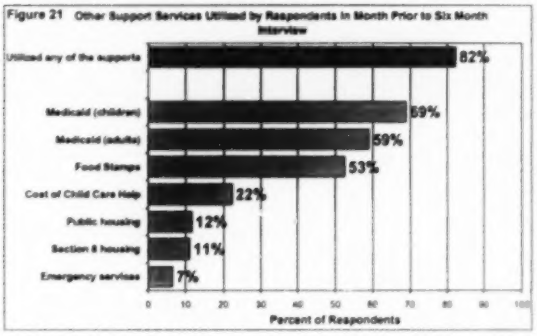
respondents and 69 percent of their children were covered (see Figure 19). Only 17% of the adults and 15 percent of the children had a private health insurance plan. Almost one quarter of the adults (24 percent) and 16 percent of their children were uninsured in the month prior to the interview.



Material Hardship and Support Services

Three quarters of the respondents had experienced at least one hardship by the sixth month after exit (Figure 20). The biggest hardship was in the area of housing expenses. Sixty percent paid more than 1/3 of their monthly income for housing expenses, which the government has defined as a housing hardship, and 15 percent reported losing their utilities at least once. Missed trips to the dentist or doctor as well as skipped meals were also significant hardships experienced by the respondents and their households.





In the month prior to the six month interview, 82 percent of the respondents reported utilizing some kind of support service, with child Medicaid being the most frequently used (69 percent) (Figure 21). Despite considerable housing hardships, less than 1/4 of the sample received a housing subsidy to offset the cost of housing.

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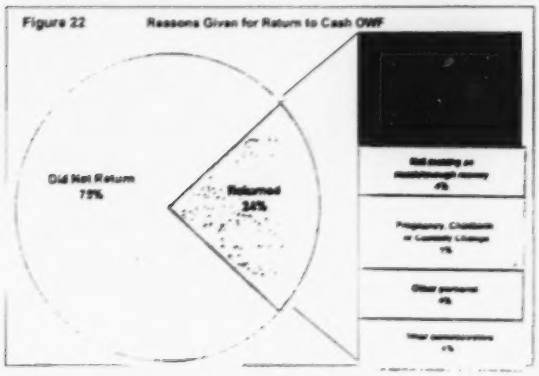
Return to cash assistance

With respect to recidivism, 23 percent of the respondents returned to cash OWF at least once between exit and the six-month interview. This is an improvement over a previous study of 1996 exiters, which found that 28 percent were back on cash OWF in the second quarter after leaving. Of the respondents who returned to cash OWF, 49 percent reported doing so because of job or earnings related reasons (Figure 22). Pregnancy and child bearing also were important reasons for returning to cash. Completely paperwork and resolving administrative problems also resulted in some returns.



When those who worked continuously were compared with those who returned to cash OWF at least once, it was found that those who were not continuously employed were almost 5 times more likely to return to cash OWF than those who were continuously employed (Figure 23). Again, this highlights the importance of steady employment in the long term "success" of the exiters. Only a tiny fraction of the families returning to cash had continuous employment in the first six months.

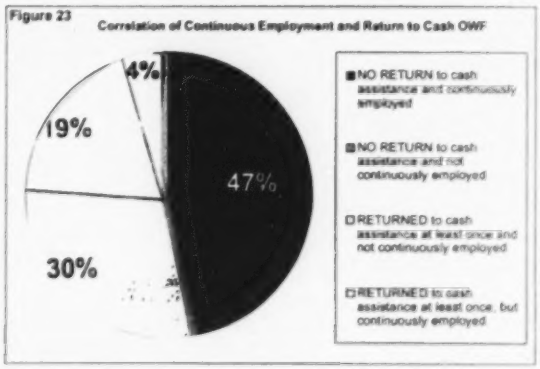


Figure 23
Correlation of Continuous Employment and Return to Cash OWF
4%
19%
47%
30%
NO RETURN to cash assistance and continuously employed
NO RETURN to cash assistance and not continuously employed
RETURNED to cash assistance at least once and not continuously employed
RETURNED to cash assistance at least once, but continuously employed

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Conclusions

This is the first of a series of reports on families leaving cash assistance that will be updated quarterly. As new respondents are added each quarter, the margin of error for the estimates based on the survey will get smaller. In addition to the basic findings presented in this report, in-depth reports on specific topics such as use of Medicaid and foods stamps or employment patterns will be added. The findings to date can be summarized as follows:

1. Most families who leave welfare do so because of work, but those who do not complete the redetermination interview also lose Medicaid and Food Stamps. Families leave cash mainly due to changes in earnings or income. However, because many of those with earnings do not complete the redetermination process, they were cut-off the rolls, and typically lose their Medicaid and Food Stamp benefits at the same time. Although the proportion keeping these benefits is rising, six months later, almost one-quarter of the adults are uninsured or miss meals, suggesting the need to re-enroll these families in health and nutrition programs.

2. Employment levels are high, but only half work steadily or have enough wages to keep a family of three out of poverty. The level of work effort among adults leaving cash assistance is quite high with as many as 87 percent reporting employment in the first six months. However, only 50% earn enough to exceed the poverty threshold for a family of three, due to low hourly wages or working less than full time. Moreover, only half of the adults who left cash worked continuously in the first six months. Since most of the respondents actually found their current or most recent job through their own efforts rather than an agency placement, they do not currently have a relationship with an employment training provider or agency that could help them improve their employment prospects and may need assistance in making such a connection.

3. Most families who leave have higher incomes than they did on OWF, but leaving welfare is not the same as leaving poverty. Half the households in which the families leaving cash assistance live six months after exit have incomes that fall below the poverty threshold. However, it estimated that at least 80% of the OWF caseload lives below poverty while they are on cash assistance, suggesting that those who leave welfare are financially better off than those who remain on cash benefits are. In fact, the poorest families six months after exit are those who quickly returned to OWF.

4. Families leaving cash assistance continue to have significant problems making ends meet. The majority pays more than one third of their income for housing, yet relatively few receive housing subsidies to offset these expenses.

5. There is considerable movement of the caseload on and off OWF. Families that come back on cash (almost one quarter of leavers) do so mainly because of their inability to sustain employment or adequate earnings or due to pregnancy and childbirth. Families that come on and off the welfare rolls multiple times are at risk of using up their time limit unless their subsequent returns can be prevented.